

EXHIBIT 1

INTRODUCTION

Respondent Daniel Wentland was elected to the Paradise Town Council in November 1996, assuming office on or about December 3, 1996. Before that time, he held public office as a Paradise Planning Commissioner, from July 1991 through June 1995.

Respondent filed an assuming office Statement of Economic Interests (“SEI”) on or about January 28, 1997, which was inaccurate and incomplete. He subsequently filed an amendment to the assuming office SEI, on or about December 15, 1997, at the request of the Enforcement Division. The amendment still provided incomplete information.

For the purposes of this Stipulation, Respondent’s violations of the Political Reform Act (the “Act”)¹ are stated as follows:

Respondent Daniel Wentland failed to fully disclose his economic interests in an amendment to an assuming office Statement of Economic Interests, that was filed on or about December 15, 1997, in violation of Section 87202.

SUMMARY OF THE LAW

One of the express purposes of the Act, as set forth in Section 81002, subdivision (c), is to ensure that the assets and income of public officials, which may be materially affected by their official actions, be disclosed, so that conflicts of interest may be avoided. The Act therefore establishes an economic interests reporting system designed to accomplish this purpose of disclosure.

Section 87202 requires every person who is elected to the office of city council to file a statement, within 30 days after assuming the office, disclosing his or her investments and interests in real property held on the date of assuming office, and income received during the 12 months before assuming office.

Section 82034, as it existed in 1997, provided that the term “investment” means any financial interest in a business entity, including any partnership, if its fair market value equals or exceeds \$1,000.² This section also provided that the investments of an official also include a pro rata share of the investments of any business entity in which the official owns directly, indirectly, or beneficially, a 10-percent interest or greater.

¹ The Political Reform Act is contained in Government Code sections 81004 through 91014. All statutory references are to the Government Code unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of Title 2 of the California Code of Regulations. All references to regulations are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

² Effective January 1, 2001, the threshold increased to \$2,000 or more.

If an investment was required to be disclosed in a statement, Section 87206, subdivision (d), as it existed in 1997, provided that the statement shall contain information regarding whether the fair market value of the investment: equals or exceeds \$1,000 but does not exceed \$10,000; exceeds \$10,000 but does not exceed \$100,000; or exceeds \$100,000.

If income was required to be disclosed in a statement, Section 87207, subdivision (b), as it existed in 1997, provided that for filers who have a 10-percent or greater ownership interest in a business entity, the statement shall contain the name of every person from whom the business entity received payments, if the filer's pro rata share of the gross receipts of the business entity from that person was equal to or greater than \$10,000 during the calendar year.

SUMMARY OF THE FACTS

Respondent Daniel Wentland was, at all times pertinent hereto, a licensed building contractor, doing business in the Town of Paradise as Wentland Construction, and was the sole owner of that business.

Respondent was elected to the Paradise Town Council in November 1996, assuming office on or about December 3, 1996. Before that, he held public office as a Paradise Planning Commissioner, from July 1991 through June 1995.

Respondent filed an assuming office SEI, on or about January 27, 1997. In the statement, Respondent disclosed real property interests and income from his business, Wentland Construction, and from various rental properties. He reported that the annual gross income of his business was between \$1,000 and \$10,000.

In April 1997, the Technical Assistance Division of the Fair Political Practices Commission advised Respondent, in writing, that he reported his business interest on the wrong SEI schedule, and therefore did not provide all of the required information about his business. The letter requested that he report Wentland Construction on the SEI schedule having to do with investments, income, and assets of business entities. The letter also cautioned Respondent that his compliance with its request for amendment information or correction did not relieve him of his responsibility for the overall accuracy and completeness of his statement. In response to this letter, Respondent filed an amendment to his assuming office SEI on or about May 1, 1997. In the amendment, Respondent reported that the annual gross income and fair market value of his business were between \$1,000 and \$10,000.

In June, July, and September 1997, the Enforcement Division received numerous complaints alleging that Respondent underreported the gross receipts and fair market value of his business, and failed to report sources of income to his business of \$10,000 or more. The allegations that Respondent failed to comply with his disclosure obligations also received local press coverage. In October 1997, the Enforcement Division advised Respondent, in writing, that it appeared Wentland Construction received over \$10,000 in gross income during 1996. The letter requested that Respondent file an

amendment to his assuming office SEI by October 17, 1997, to reflect accurately the gross income of his business. Additionally, the letter advised him that he should disclose, in the amendment, the name and address of every person from whom Wentland Construction received payments equal to or greater than \$10,000 during 1996.

On or about December 15, 1997, two months after the deadline set by the Enforcement Division, Respondent amended his assuming office SEI for the second time. In the amendment, he disclosed the names of three persons for whom he did work, that were sources of income of \$10,000 or more to his business in 1996. He also increased the annual gross income of his business, to between \$10,000 and \$100,000, and increased the fair market value of his business, to over \$100,000.

The amendment to the assuming office SEI, filed on or about December 15, 1997, was still incomplete. The Enforcement Division's investigation revealed that on the date Respondent assumed office, Respondent held an investment interest in a partnership with Howard Johnson, known as W.J. Enterprises, which was not disclosed in the amendment. The partnership owned property, consisting of three parcels, located at 9141 Skyway in Paradise.

More than one year after he assumed office, Respondent finally filed correctly. On or about December 17, 1997, Respondent amended his assuming office SEI for the third time, to disclose his partnership interest in W. J. Enterprises, with a fair market value of over \$100,000.

CONCLUSION

SEI non-disclosure violations are serious violations of the Act, and historically carry a high penalty, as disclosure omissions create an appearance of impropriety. When a non-disclosure is coupled with another violation, such as a conflict of interest, or is an on-going violation, in that the disclosure omission is duplicated in a subsequent SEI or amendment, the violation often carries a maximum penalty.

Respondent thwarted one of the express purposes of the Act. Respondent held office as a member of the Town Council, and made decisions affecting his community for more than one year, before he publicly disclosed all of his reportable economic interests. Moreover, he did not attempt to correct his inaccurate and incomplete disclosure until mid-December 1997, and then only after the Enforcement Division requested that he do so.

Respondent was an experienced office holder, having previously served on the Paradise Planning Commission from 1991 through 1995, and was aware of his conflict of interest disclosure obligations under the Act. The fact that he has no prior history of SEI disclosure violations is somewhat mitigating. However, that factor does not outweigh the lengthy delay in securing Respondent's compliance with the Act.

This matter consists of one count, which carries a maximum administrative penalty of Two Thousand Dollars (\$2,000). The facts of this case, including the factors discussed above, justify

imposition of the agreed upon penalty of Two Thousand (\$2,000).